



2004 Financial Report Forms and Instructions

Recycling Grants to Responsible Units

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2004 Financial Report Forms and Instructions
Recycling Grants to Responsible Units
Department of Natural Resources

The completion of this financial report is mandatory. You must report a summary of your actual recycling and yard waste costs in Section V of the 2004 Annual Report Recycling Program Accomplishments and Actual Costs, Form 4400-182. This report must be submitted to your Department of Natural Resources regional office by April 30, 2005.

The following financial forms are included at the back of these instructions:

Forms 2DA and 2EA - Depreciation/Equipment Use Schedules: List on these forms each facility and item of equipment used in your recycling and yard waste operations, and calculate its annual cost to the recycling program for 2004.

Form 4A - Final Expense and Revenue Worksheet: Summarize on this form all of your incurred recycling and yard waste expenses and deductible revenues for 2004.

General Instructions:

1. Form 4A is designed to be compatible with the Wisconsin Department of Revenue (DOR) Uniform Chart of Accounts (UCA), the system used by Wisconsin municipalities to file their annual Financial Form A, B, C, or D with DOR. Please refer to your DOR Financial Report Form, if applicable, as you complete Form 4A.
2. You may round all entries to the nearest dollar amount.
3. Report all of your recycling and yard waste program costs incurred in 2004, whether or not you listed them on your grant application. **A cost is incurred when the responsible unit receives the goods or service, regardless of the date on which the good or service was ordered or paid for.**
4. Both recycling **and** yard waste program costs are eligible for funding under this grant program. Throughout these instructions, the term "recycling" may refer to both recycling and yard waste programs.

Special note for multiple -member responsible units:

If you include in your report any recycling costs incurred by your member municipalities, you must collect from each member municipality and retain in your records a report and documentation of all eligible recycling expenses incurred and deductible revenues received by these members.

FORMS 2DA and 2EA - Depreciation /Equipment Use Schedules

If you do not have costs for equipment or facility depreciation or hourly equipment use cost, you do not need to complete either Form 2DA or Form 2EA.

Complete the headings with your responsible unit name, county and 5-digit municipality code.

"Capital expenses means construction or acquisition costs including improvements or equipment costing \$1000 or more and with an expected life of 3 years or more" (NR 542.03, Wis. Adm. Code). The full cost of capital purchases may not be taken as an expense in a single year for recycling grant purposes. For each item of capital expense, you may recover its cost by either of the following methods:

1. Form 2DA, Depreciation: You may depreciate the capital item over its expected useful life and take the annual depreciation amount as an expense for 2004. If you claim a depreciation expense you may also claim your actual documented cost of operation of the depreciated item in one or more categories on Form 4A, Lines 1 through 17. Cost of operation includes any costs associated with running and maintaining the item, including fuel, repairs, and insurance, as well as salaries, wages and employee benefits of the operators.

OR

2. Form 2EA, Equipment Use: You may claim hourly equipment use charges based upon the rate approved by the Wisconsin Department of Transportation (DOT). If you claim an hourly use cost, you may also claim on Form 4A, Line 1, the cost of salaries, wages and employee benefits for the operators. But **do not** also claim a separate cost of operation on Form 4A, Lines 2 through 17; all costs of operation except salaries, wages and employee benefits of operators are included in the DOT hourly use charge.

Ordinarily, from one grant year to the next, you may not switch back and forth between depreciation and hourly use as the means of claiming equipment use costs on your recycling grant application.

Equipment that has been fully depreciated during the life of the recycling grant program, or that was purchased entirely with expedited recycling grant money, cannot be listed on the depreciation schedule but can be listed on the hourly use schedule. (The expedited recycling grant period was July 1, 1990 through December 31, 1991.) However, because the DOT hourly use rate includes the cost of ownership, these fully depreciated items must be listed at an hourly use rate reduced by one third. This is to recognize that the state share of the cost of ownership has already been fully recovered by your responsible unit in the recycling grant program. For example, a patrol truck that was originally on the depreciation schedule for the first four years of the recycling grant program may be moved to the hourly use schedule. If the DOT hourly rate is \$9.00/hour, this truck would be listed at \$6.00/hour with an annotation that this is a modified rate.

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Equipment owned prior to July 1990 may be listed on the hourly use schedule at the DOT approved hourly rate and do not have to be reduced. Only the equipment previously depreciated in the recycling grant program or the equipment purchased entirely with expedited recycling grant monies must be listed with a reduced hourly use rate.

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2.→Equipment that has been depreciated for recycling grant purposes in previous years, but has not yet been fully depreciated, may be switched to the hourly use schedule. However, once this switch has been made you may not change back to depreciating the equipment in future years, but must consistently claim hourly use costs for the equipment.¶
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Refer to your program records and contact DNR recycling grant staff if you need assistance with depreciation or equipment use reporting.

List on Form 2DA and/or Form 2EA all capital equipment or facilities used in recycling operations for

which you choose to claim a depreciation or hourly use expense. Follow the instructions below to calculate the annual cost of each item to the recycling program as a depreciation or hourly use expense. Use one line on either Form 2DA or Form 2EA for each item.

Form 2DA - Depreciation

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List recycling depreciation on Schedule I; list residential yard waste depreciation on Schedule II.

Column A: Name the item of equipment or property purchased.

Column B: Enter the month and year of purchase of the equipment or property.

Column C: Enter the original cost. Original cost of equipment includes the purchase price, installation, set-up, freight and shipping charges, and the book or market value of any trade-ins not originally purchased with recycling grant funds. Original cost of a facility is its purchase price or the cost of its design and construction, including capitalized interest, if incurred.

Special instructions for items purchased between July 1, 1990 and December 31, 1991: **Do not** list items that were purchased **entirely** with expedited recycling grant funds during this time period. **Do** list items purchased **partially** with expedited recycling grant money during this time period: enter in Column C the amount of the purchase price that was **not** covered by the expedited grant funds, and also give the total purchase price of the item in an explanatory note on the form.

Column D: Enter the actual recycling use of the item as a percent of the item's use for all purposes. For example, if the actual recycling use is 35%, enter .35.

Column E: Multiply the decimal number in Column D by the number in Column C, and enter the result in Column E. This is the prorated recycling cost, that is, the depreciable capital expense attributable to recycling.

Column F: Enter the expected life in years of the item. Consult Internal Revenue Service or Wisconsin Department of Transportation guidelines, as appropriate, for expected lives of new or used equipment or facilities. Typical acceptable lives of new items are:

Vehicles	4 years
Computers and test equipment	5 years
Balers	7 years
Large roll-offs for drop off sites	7 years
Chippers	7 years
Office furniture and equipment	10 years
Heavy machinery	15 years
Remodeling and leasehold improvements	15 years
Compactors	15 years
Fencing	15 years
Fork lifts	15 years
Buildings and facilities	27 years
Asphalt pads	10 years
Concrete pads	15 years

For used equipment, enter in Column F your best estimate of the reasonable expected life that is remaining, and write "used" after the number of years of expected life.

Column G: Divide the amount in Column E by the number of years in Column F to compute the **annual** recycling depreciation on each item, that is, the eligible amount you can claim in each grant year during the expected useful life of the item. Prorate a partial year's entry as appropriate; for example, if you purchased an item at the end of June 2004, claim only 50% of the annual depreciation for 2004.

Line 13: Add up all entries in Schedule I, Column G and enter the sum on Line 13. This is your total eligible recycling depreciation for 2004.

Line 26: Add up all the entries in Schedule II, Column G, and enter the sum on Line 26. This is your total eligible yard waste depreciation for 2004.

Line 27: Add the figures from Line 13 and Line 26 and enter the sum on Line 27. This is your total eligible recycling and yard waste depreciation for 2004. Transfer this amount to Form 4A, Line 14.

Form 2EA - Equipment Hourly Use Expense:

List recycling equipment use on Schedule I; list residential yard waste equipment use on Schedule II. Do not list on Form 2EA any item already listed on Form 2DA. For items listed on Form 2EA do not claim a separate cost of operation, except for salaries/wages and employee benefits of the operator, which may be claimed on Form 4A, Line 1.

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Column A: Describe the equipment used for recycling and/or yard waste program activities.

Column B: Enter the month and year of purchase of the equipment.

Column C: For each item of equipment, enter the hourly use rate approved by the Wisconsin Department of Transportation (DOT) for your county. DOT has an equipment use agreement with your County Highway Department that specifies approved rates for many types and classes of equipment. If you don't have a copy of the schedule of rates, consult with your county highway department about the rate you should use. If a piece of equipment that you used is not listed, make your best estimate based upon the rates for similar equipment. Remember to reduce the hourly rate by one third for equipment that has been previously depreciated in the recycling grant program or was purchased entirely with expedited recycling grant funds.

Column D: Enter the total number of hours the equipment was actually used in 2004 for recycling purposes. You must be able to document your claim with appropriate time records such as equipment logs or operators' time sheets that specify the recycling use.

Column E: Multiply the rate in Column C by the total hours actually used for recycling in Column D and enter the result in Column E.

Line 13: Add up all entries in Schedule I, Column E and enter the sum on Line 13. This is your total recycling hourly use expense for 2004.

Line 26: Add up all entries in Schedule II, Column E, and enter the sum on Line 26. This is your actual total yard waste hourly use expense for 2004.

Line 27: Add the figure on Line 13 to the figure on Line 26 and enter the sum on Line 27. This is your actual total recycling and yard waste program equipment hourly use expense for 2004. Transfer this amount to Form 4A, Line 15.

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FORM 4A - Actual 2004 Recycling Costs and Revenues

Complete the heading with your responsible unit name, county and 5-digit municipality code.

Enter your actual **2004** recycling costs and revenues. Figures on Form 4A must be consistent with those on your **2004** Financial Form A, B, C, or D your clerk or treasurer is filing with the Wisconsin Department of Revenue, if applicable.

Lines 1 through 17: Enter the actual recycling costs your responsible unit incurred and charged to UCA Account 53635 during **2004**. **Enter all recycling costs, even those that are not eligible for grant funding. Ineligible costs will be subtracted later in this report.**

Note to Lines 14 and 15: If you claim a cost of depreciation and/or hourly use charge, you must complete Form 2DA and/or Form 2EA.

Note to Line 16: Cost allocations are expenses that are not spent directly on your recycling program, but are for goods or services which are shared between your recycling program and other programs in your responsible unit (such as office supplies or utilities in a shared building). All costs included here must be accumulated in a separate set of accounts, equitably and systematically allocated to **all** the responsible unit's activities, and not be included on any other line.

Line 18: Add Lines 1 through 17 and enter the sum on Line 18.

Line 19: Enter any actual recycling costs your responsible unit incurred during **2004** that are not reportable to DOR under UCA Account 53635. Specify what these costs were for.

Line 20: Add Lines 18 and 19 and enter the sum on Line 20.

Line 21: Use the worksheet below to calculate the amount of your recycling costs, **included in the amount on Line 20**, that are not eligible for grant assistance. Enter the resulting amount on Line 21.

Ineligible Costs Worksheet

1. Costs of handling items banned from land filling or incineration under s. 287.07(1m), Wis. Stats.:

a. automotive batteries\$ _____
b. waste oil.....\$ _____
c. major appliances ("white goods").....\$ _____

2. Interest or finance charges you paid.....\$ _____

3. Other.....\$ _____

4. Total ineligible (add above costs; transfer total to Form 4A, Line 21).....\$ _____

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Line 22: Subtract Line 21 from Line 20 and enter the remainder on Line 22. These are your eligible recycling costs for 2004.

Line 23: Enter on Part "A" revenues you received from other municipalities for recycling services, creditable to UCA Account 47345. **If you are a multiple member municipality, do not include payments received from member municipalities.**

Enter on Part "B" other deductible revenues and specify the source of these revenues. **Do** deduct revenue from the sale of recycling equipment and property purchased with grant funds. **Do** deduct the amount of costs for which payment has been or will be received under another federal or state financial assistance program, such as a Waste Tire Recovery Grant. **Do not deduct the amount of your recycling grant (UCA Account 43545) or interest received on grant monies; and do not deduct revenues raised from your responsible unit's residents by taxation, bag sales, or other user fees.**

Add Part "A" and Part "B" and enter the sum on Line 23.

Line 24: Enter on Line 24 revenues you received from sales of recyclables, creditable to UCA Account 48307. If you must **pay** to market any recyclables, the marketing cost is an expense and should be reported on Line 6, above. **Do not** enter your marketing expense on Line 24 as "negative income". **Do not** subtract the amount you must pay to market some recyclables from the revenue you receive for the sale of other recyclables.

Line 25: Add Lines 23 and 24, and enter the sum on Line 25.

Line 26: Subtract Line 25 from Line 22 and enter the difference on Line 26. These are your actual net eligible recycling costs for 2004. Transfer the figure from Line 26 to Form 5, Line 1.

Line 27: Enter the cost of handling yard waste that is included in the costs on Line 20, above. (This is for DNR information only; it does not affect the calculation of your final grant payment).

After you have completed Form 4A, go to Section V, Report of Actual Recycling Costs for Grant Purposes, in the 2004 Annual Report Recycling Program Accomplishments and Actual Costs, Form 4400-182. Follow the instructions to transfer summary figures from Form 4A to Section V.

Do not submit Forms 4A and supporting schedules with your report, but retain them for your records.

2004 Financial Report and Request for Final Payment Instructions prepared by:

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